



*United States Attorney  
Southern District of New York*



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**HASSAN NEMAZEE PLEADS GUILTY IN MANHATTAN FEDERAL COURT  
TO \$292 MILLION BANK FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that HASSAN NEMAZEE pleaded guilty today to charges of defrauding Bank of America, N.A. ("BofA"), Citibank, N.A. ("Citibank"), HSBC Bank USA, N.A. ("HSBC"), and a longtime friend and business associate of a total of more than \$290 million in loan proceeds. NEMAZEE entered his guilty plea before United States District Judge SIDNEY H. STEIN in Manhattan federal court.

According to the superseding Information, filed today, to which NEMAZEE pleaded, other documents filed in this case, and statements made during NEMAZEE's guilty plea:

From 1998 to 2009, NEMAZEE obtained hundreds of millions of dollars in loans from BofA, Citibank, and HSBC. To obtain the loans, NEMAZEE misrepresented to the banks that he owned hundreds of millions of dollars in collateral, in the form of securities and other assets, which he did not own. In fact, NEMAZEE used fake documents, including account statements, to show his supposed ownership of the collateral. The documents also contained forged signatures of persons associated with the Westminster Securities Corporation ("Westminster"), the brokerage firm at which NEMAZEE claimed to hold these assets, as well as Westminster's clearing firm.

The fake account statements and other documents that NEMAZEE provided also contained telephone numbers, supposedly for Westminster and its clearing firm, assigned to "virtual offices" that NEMAZEE himself had established or to a cellphone that NEMAZEE obtained. NEMAZEE created at least two "virtual offices" in Manhattan that held themselves out, at his direction, as being associated with Westminster and its clearing firm.

NEMAZEE represented to BofA that the loans were for, among other things, making investments, purchasing partial

interest in a private plane, and purchasing two luxury apartments in Manhattan. One of the loans from BofA, a \$100 million line of credit, was guaranteed by NEMAZEE's longtime friend and business associate, who pledged a multimillion-dollar home in Colorado as collateral on the loan, not knowing that the collateral that NEMAZEE was pledging did not exist. As of August 2009, NEMAZEE owed approximately \$142 million to BofA and \$74.9 million to Citibank.

In August 2009 -- when Citibank began to ask questions in order to verify the existence of the purported collateral that NEMAZEE had pledged for the Citibank loan, and after Special Agents of the Federal Bureau of Investigation ("FBI") had interviewed NEMAZEE about the Citibank loan -- NEMAZEE drew down on a line of credit that he had fraudulently obtained from HSBC earlier in 2009 and used those funds to pay Citibank the \$74.9 million that he owed.

NEMAZEE was able to continue the fraud for longer than a decade by, among other things, making partial repayments on his borrowings from BofA with proceeds of his fraud on Citibank and making partial repayments on his borrowings from Citibank with proceeds of his fraud on BofA.

NEMAZEE used the proceeds of his fraudulent schemes to, among other things: purchase an apartment and land in Italy; make monthly maintenance payments on a Park Avenue apartment; pay for the upkeep of a 12-acre property in Katonah, New York; make personal donations to the election campaigns of federal, state, and local candidates, political action committees, and charities; and make various other investments.

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NEMAZEE, 60, of Manhattan, faces a maximum of 30 years in prison on each of the three counts of bank fraud and one count of wire fraud to which he pleaded guilty. Each count also carries a maximum fine of \$1 million or twice the gain or loss resulting from the crime.

As part of his guilty plea, NEMAZEE agreed to forfeit his interest in various real properties, corporate entities, hedge funds, securities accounts, bank accounts, a 2008 Maserati Quattroporte, and a 2007 Cessna aircraft.

NEMAZEE is scheduled to be sentenced by Judge STEIN on June 30, 2010, at 2:00 p.m. NEMAZEE's brother-in-law, SHAHIN KASHANCHI, 46, of Telluride, Colorado, is separately charged in

an Indictment with aiding and abetting NEMAZEE's bank fraud by manufacturing the fake account statements and other documents that NEMAZEE used to defraud BofA, Citibank, and HSBC. His case is pending.

United States Attorney BHARARA praised the investigative work of the Federal Bureau of Investigation.

Mr. BHARARA stated: "NEMAZEE orchestrated an elaborate shell game to defraud three major banks, scamming them to the tune of \$290 million to finance his posh life and create a reputation as a political kingmaker. Working with our partners at the FBI to investigate and end schemes like NEMAZEE's is central to this Office's mission of aggressively policing white-collar crime."

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

This case is being prosecuted by the Office's Complex Frauds Unit. Assistant United States Attorneys DANIEL W. LEVY and MICHAEL D. LOCKARD are in charge of the prosecution.

The charge and allegations contained in the Indictment charging KASHANCHI are merely accusations, and he is presumed innocent unless and until proven guilty.

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